

## Old Age, Disability, Death

First law: 1956 (implemented 1959).

Current laws: 1987, 1990 and 1993. 1996 (private insurance, to be implemented in 1997)

Complementary Pension Funds: 1972, 1977 and 1994.

Type of program: Social insurance system.

*Note:* In mid-1997, the social insurance system (**old system**) will be closed. A new mandatory privatized system (**new system**) will take its place.

**Exchange rate:** U.S.\$1.00 equals 5.17 bolivianos (Bs).

### Coverage

**Old system:** All workers. Voluntary coverage for self-employed. Special systems for bank employees, military personnel, drivers, miners, railroad employees, petroleum workers, and other groups. 17 complementary pension funds supplement the general social security program for particular categories of workers. Each fund is administered separately by worker associations under the direction and coordination of the National Institute of Pensions.

**New system:** All workers. Voluntary coverage for self-employed.

### Source of Funds

**Old system—Insured person:** 6% of earnings (2.5% basic pension, 3.5% complementary pension).

**Employer:** 6% of payroll (4.5% basic pension, 1% complementary pension, 0.5% for long-term work injury).

**Government:** 1.5% of covered earnings.

**New system—Insured person:** 10% of earnings for retirement plus 2.5% for disability and survivors insurance and administrative fee.

**Employer:** None.

**Government:** Payment of pensions under the old system and social assistance under new system.

Maximum earnings for contribution purposes: 60 times the national minimum wage.

### Qualifying Conditions

**Old system—Old-age pension:** Age 55 (men) or 50 (women). Five years earlier for hazardous occupations. 180 months of contribution. Reduced pension, age 50 (men) or 45 (women) after involuntary and extended unemployment.

Payable abroad.

**Complementary pension:** 2/3 of contributions made since creation of the fund.

**Disability pension:** Loss of over 50% of earning capacity of a similar worker, of the same region, in good health. 60 months of contribution, with 18 in last 36 months.

**Survivor pension:** Deceased was pensioner, or had at least 60 months of contribution, with 18 in the last 36 months.

**Complementary pension:** Deceased was pensioner or met conditions for disability benefit. 1/3 of contributions made since creation of fund.

**New system—Old-age pension:** Age 65 or when accumulated savings and interest permit benefit of at least 70% of average of last 5 years' covered earnings.

Disability pension: Less than age 65 and between 18 months and 5 years of contributions.

**Survivor pension:** Deceased was insured.

### Old-Age Benefits

**Old system—Old-age pension: Basic pension,** 30% of average earnings in last 12 months of contribution; for workers with earnings more than 15 minimum salaries, 30% of average earnings in last 24 months of contributions plus 30% of difference between insured's total covered earnings and 50 minimum salaries. Plus increment of 2% of covered earnings for each 12 months of contribution beyond 180 months.

**Complementary pension:** 40% of wage base plus increments of 1% of wage base for each 12 months of contributions.

Reduced pension: Old-age pension reduced 8% for each year of early retirement.

Schedule of payments: Pensions paid 13 times a year.

Adjustment: Pensions automatically adjusted annually for changes in wages.

Old-age settlement: 1 month's pension for each 6 months of contribution (or fraction thereof), if 24 months of contribution and ineligible for pension.

**Transition:** If defer retirement under the old system, receive an increment of 2% per year for deferral, up to a maximum of 90%.

**New system—Old-age pension:** Insured's contributions plus accrued interest.

Social assistance benefit (*bonosol*): paid to those over age 65 at time of implementation of program. In 1997 equal to \$200 per year; adjusted every three years by Superintendent of Pensions.

### Permanent Disability Benefits

**Old system—Disability pension:** 30% of average earnings in last 12 months of contribution (24 months for workers with earnings over a specified amount). No increment for years of coverage. If over 15 years' coverage, benefit equals old-age pension.

Adjustment: Pensions automatically adjusted annually for changes in wages.

Constant attendance supplement: 50% of pension.

Disability settlement: 1 month's pension for each 6 months of contribution (or fraction thereof), if 24 months of contribution and ineligible for pension.

**Complementary pension:** Same as for old-age pension, above.

**New system—Disability pension:** 70% of average salary during last 5 years. If contributions between 18 months and 5 years, benefit based on average of last 12 months. Additional 10% of last monthly salary made to old-age pension account of disabled employee younger than age 65 with at least 18 months on contributions in the last 36 months. Benefit payable until age 65 when eligibility for old-age pension begins.

### Survivor Benefits

**Old system—Survivor pension:** 80% of pension of insured.

Payable for life (lump sum of 3 years' pension for widows who remarry). Also payable to dependent widower.

Orphans: 20% of pension of insured for up to 2 orphans under age 19 (no limit if disabled); 50% if 3 or more children. Full orphans, 80% of widow's pension, divided equally. Lump sums if ineligible. Other survivor pensions (if no widow or orphan): 20% of insured's pension to dependent aged or disabled parent. Each brother and sister under age 19, 10% of pension. (Maximum for all, 60%.)

Maximum survivor pensions: 100% of pension of insured.

Survivor settlement: Same as old-age and disability settlements.

**Complementary pension:** Same as under basic survivor benefit.

Funeral grant: 2 months' wages or 3 months' pension on death of pensioner (also payable on death of wife or husband of insured).

**New system—Survivor pension:** Proceeds of deceased's account plus accrued interest. Payable to spouse, dependents, parents or siblings. Minimum, 70% of average of last 5 years' earnings or at least 18 months of contributions made for between 18 months and 5 years. After retirement, benefit equals 70% of pension.

Funeral grant: Bs1,100.

#### **Administrative Organization**

**Old system:** Ministry of Housing and Economic Development, general supervision.

National Secretariat of Pensions, budget and administrative control. Basic Pension Fund and 25 Complementary Funds, administration of program.

**New system:** System of Financial Regulation, financial supervision of program.

Superintendent of Pensions, administration of program.

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#### **Sickness and Maternity**

First law: 1949.

Current law: 1956 (implemented 1959).

Type of program: Social insurance system. Cash and medical benefits.

##### **Coverage**

All workers. Special systems for bank employees, military personnel, drivers, miners, railroad employees, petroleum workers, agricultural employees, and other groups.

##### **Source of Funds**

**Insured person:** None. (Pensioners, 5% of pension).

**Employer:** 10% of payroll.

**Government:** None.

Above contributions also finance temporary work-injury benefits.

##### **Qualifying Conditions**

**Cash sickness benefits:** 2 contributions prior to illness.

**Medical benefits:** 1 month of contribution in preceding 2 months.

**Maternity benefits** (cash and medical): 4 months of contribution prior to pregnancy.

##### **Sickness and Maternity Benefits**

**Sickness benefit:** 75% of earnings. Payable after 3-day waiting period for up to 26 weeks. May be extended to 52 weeks if medical assistance will prevent permanent disability.

**Maternity benefit:** 90% of earnings. Payable for up to 45 days before and 45 days after confinement.

Nursing and prenatal allowances: See family allowances, below.

##### **Workers' Medical Benefits**

**Medical benefits:** Medical services provided directly to patients through medical facilities of the Institute (or, if not available, on a reimbursement basis). Includes general and specialist care, preventive care, surgery, hospitalization, medicines, appliances, maternity care, and dental care. Duration: 26 weeks in any 12 months for each illness. May be extended up to 52 weeks if reasonable chance of recovery; plus 26 additional weeks for tuberculosis.

##### **Dependents' Medical Benefits**

**Medical benefits for dependents:** Same as for insured worker.

##### **Administrative Organization**

Ministry of Human Development, general supervision.

National Health Secretariat through National Health Insurance Institute, budget and administrative control.

National Health Fund, administration of program.

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#### **Work Injury**

First law: 1924.

Current laws: 1956 (implemented 1959) and 1987.

Type of program: Social insurance system.

##### **Coverage**

All workers. Special systems for bank employees, military personnel, drivers, miners, railroad employees, petroleum workers, and other groups.

##### **Source of Funds**

**Insured person:** None.

**Employer:** 1.5% of payroll (permanent disability) (0.5% for basic pension; 1% for complementary pension).

For temporary disability, see sickness and maternity, above.

**Government:** None.

##### **Qualifying Conditions**

**Work-injury benefits:** No minimum qualifying period.

##### **Temporary Disability Benefits**

**Temporary disability benefit:** 90% of earnings, 75% of covered earnings for work-related diseases (payable under cash sickness and maternity insurance). Payable from 1st day of incapacity.

##### **Permanent Disability Benefits**

**Permanent disability pension:** 55% of average covered earnings in prior 12 months if 60% disabled.

**Complementary pension:** Up to 45% of basic salary according to degree of incapacity.

Partial disability: Percentage of full pension proportional to degree of disability.

Lump sum of 4 years' pension if 11% to 25% disabled.

#### **Workers' Medical Benefits**

**Medical benefits:** Necessary medical, surgical, and dental care, hospitalization, medicines, appliances, and rehabilitation. Maximum duration: 52 weeks.

#### **Survivor Benefits**

**Survivor pension:** See Old Age, Disability, Death, above.

#### **Administrative Organization**

**Medical benefits:** See Sickness and Maternity, above.

**Disability and survivors benefits:** See Old Age, Disability, Death, above.

#### **Administrative Organization**

Ministry of Housing and Economic Development, general supervision.

National Secretariat of Pensions, through National Institute of Pensions, administration of program.

Employer pays allowances for single and married adults directly to own employees.

### **Unemployment**

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(Labor law requires employer to grant severance pay to dismissed employees. Unemployed workers receive medical and maternity benefits for 2 months following dismissal.)

### **Family Allowances**

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First law: 1953.

Current law: 1956 (implemented 1959) and 1987.

Type of program: Employment-related system.

#### **Coverage**

All workers. Special systems for bank employees, military personnel, drivers, miners, railroad employees, petroleum workers, and other groups.

#### **Source of Funds**

**Insured person:** None.

**Employer:** Total cost.

**Government:** None.

#### **Qualifying Conditions**

**Family allowances:** Child must be between age 1 (when nursing allowance ceases) and 19 (no limit if disabled).

Housing allowances payable to both married couples and single persons, with or without children.

Family head must be currently working more than 15 days a month.

#### **Family Allowance Benefits**

Family allowances: Monthly allowance for each child. Housing allowance for single or married workers.

Prenatal grant: Milk and cash benefit from the 5th month of pregnancy

Birth grant: 1 national monthly minimum wage per child.

Nursing allowance: Monthly milk allowance for each child for 12 months following birth (paid in kind).

Burial allowance: 1 national monthly minimum wage per child under age 19.